

Magic Quadrant for Application Platform Suites, 2Q03

Application platform suites are incrementally assembled or bought as all-in-one products. The tension between the software infrastructure generalist vendors and the specialists will determine this market's future.

Core Topic

Application Integration and Middleware:
Enterprise Application Platforms and
Platform Middleware

Key Issue

What will be the role of enterprise
application platform technologies in the
evolution of enterprise software
architectures and design patterns?

Strategic Planning Assumptions

Through 2006, more than 70 percent of
application platform suites will have been
bought incrementally, one component at a
time (0.7 probability), but the availability of
an APS from the vendor will be a positive
influence in more than 66 percent of these
stand-alone sales (0.7 probability).

Through 2008, most software infrastructure
products will be growing into suites —
modular assemblies of an increasing
number of partly independent and partly
integrated specialist middleware
technologies (0.8 probability).

By 2005, two or three vendors will be
established as leaders in the APS market
(0.7 probability).

Application platform suites (APSs) are integrated assemblies of
three fundamental runtime technologies:

- A runtime platform for business software components and services — typically, an enterprise application server (EAS)
- A runtime platform for programmatic integration of business applications — typically, an integration broker suite (IBS)
- A runtime platform for multichannel user-facing business application software — typically, a portal product

Each of the three APS component-part product categories is also
a stand-alone product category. Gartner tracks all three as active
independent markets. For more information on each, see:

- "Enterprise Application Server Magic Quadrant, 2Q03"
- "Magic Quadrant for Application Integration Vendors, 2Q03"
- "The Horizontal Portal Product 2003 Magic Quadrant"

In most cases, an APS product consists of more than just its
three fundamental components. Development tools, systems
management, multichannel access, content management, Web
services administration and other extensions can all enhance the
value of an APS, but they go beyond the core essence of an APS
and, thus, are not included in its minimal definition.

An APS may be offered as a single product, or a vendor may sell
the APS component parts separately. The packaging of the
components of an APS into a single product offering is a
marketing and sales issue. The issues of real importance to
enterprises and the market are the degree to which the three
components of the APS are integrated and the degree to which

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the add-on tools and applications support coordinated operation of the APS infrastructure. Thus, a stand-alone offering of an APS should not be considered definitive for the APS market or even necessarily an unquestionable sign of strength.

APS users prefer the advantages of "one-stop shopping" and one-stop product support, yet, in most cases, they acquire the APS incrementally, one component part at a time. In fact, the vendors that offer only a complete all-in-one APS are at a market disadvantage, not able to competitively differentiate the values of their component-part products.

Through 2008, an increasing number of software infrastructure vendors will be forced to respond to the competitive pressure coming from APS vendors. Most special-purpose software infrastructure products (EASs, IBSs, portal products, runtime technology of development frameworks, packaged application platforms, business process management tools, event processing and Web services platforms) will become specialist APS products. Vendors will maintain their core competence in one area of a suite, but they will offer a "good enough" addition of the missing component parts of the APS. These vendors will not look to push the generalists out of the APS market. Their intent will be only to defend their specialist markets from invasion by the generalists. These specialist APS vendors may or may not be included in the APS Magic Quadrant, depending on whether they meet the market inclusion criteria.

Magic Quadrant Vendor Inclusion Criteria

A vendor is included in the Gartner APS Magic Quadrant (see Figure 1) if it meets the following criteria:

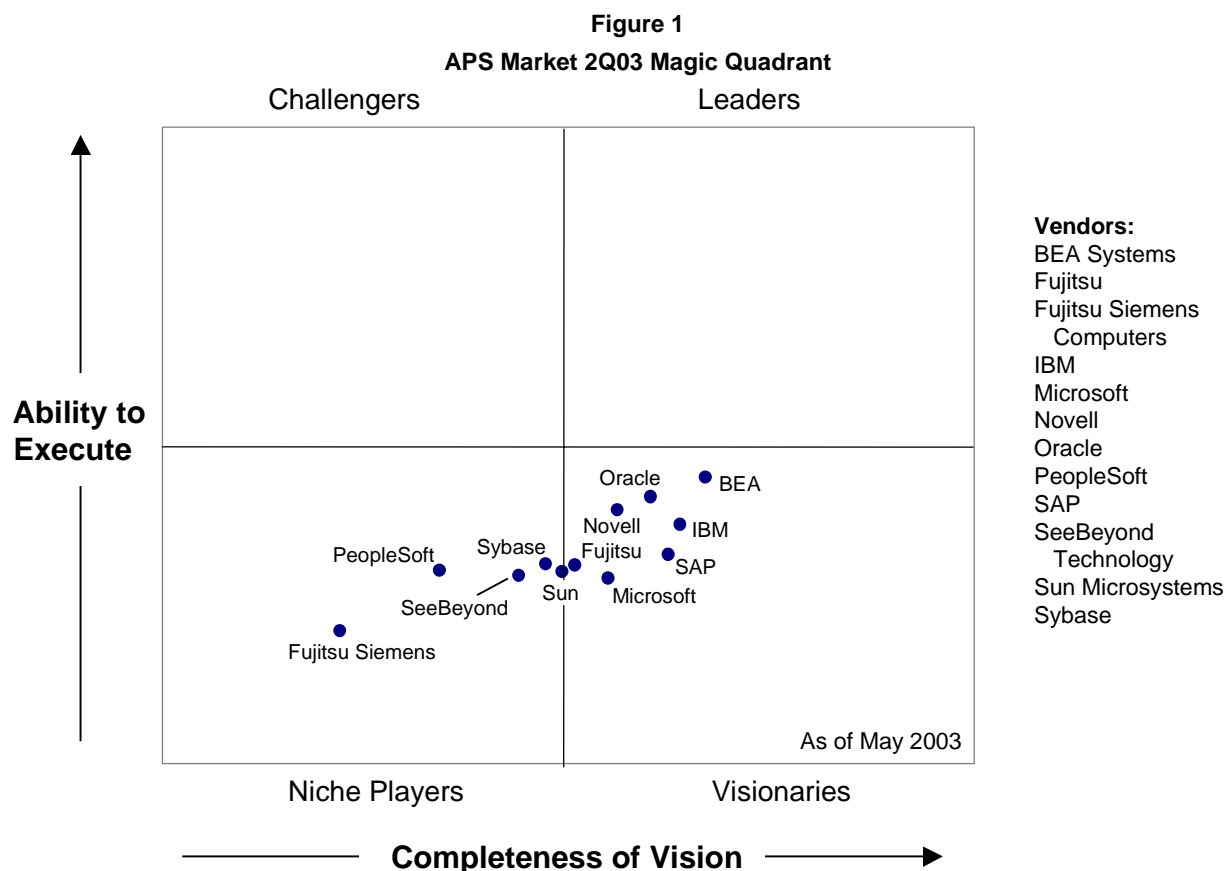
1. The vendor offers all three APS component parts and at least one component-part product is represented in the relevant market Magic Quadrant (EAS, IBS, portal products). The APS component parts do not have to be also available as a stand-alone product.
2. One, two or all three APS component parts may be offered through reseller or original equipment manufacturer (OEM) agreements. A vendor that uses third-party OEM technology can be considered an APS vendor when:
 - The OEM APS component part is resold by the vendor and the enterprise does not need to interact with the OEM partner, only with the vendor.
 - The first-level support is provided by the APS vendor, not by the OEM partner.

- The OEM component part is licensed to be used by an enterprise directly, for deployment of new user-defined software.
- The OEM component part is supported through the same support organization as the rest of the suite.

3. One name and one price for the whole suite are not required, but some value-added integration between the APS component parts is required. At least one of the following levels of integration must be met:

- Common support organization
- Common underlying middleware
- Common systems management
- Common development framework

4. The vendor's annual APS composite license revenue must exceed \$25 million, or the vendor's innovation must be likely to have a notable impact on the market, in Gartner's judgment.



Source: Gartner Research (May 2003)

Evaluating Vendors in the APS Market

Given that the APS market is a composite one, vendor evaluation is largely based on the positioning of the vendors in the

respective APS component part markets. The Gartner Magic Quadrants for the EAS, portal product and integration suite markets offer respective ratings of the APS vendors and are included as components of the APS market evaluation. If the vendor doesn't appear in one or more of the above Magic Quadrants, Gartner provides a rating based on the same criteria used to compile that same Magic Quadrant.

The differentiation of the APS is in the tool integration that enhances the individual APS component parts. We evaluate the degree of such tool integration offered with each suite as an important measure of the differentiating strength of an APS.

The vendor evaluation criteria we use to develop a new version of the Magic Quadrant depend on current industry conditions. Typically, the evaluation criteria change from one version of the Magic Quadrant to the next (as they do here). Vendors' positions should be compared to prior years with the understanding that every time we evaluate the market, it is a new reality with a new meaning to vision, execution and market leadership.

Completeness of Vision: The fundamental indication of the completeness of vision is the degree to which a vendor anticipates and influences the market's trends. In the APS market, the vision of a competing vendor is defined by its vision in each component market, as well as its vision with regard to levels and ways of integration between the components via:

- Common middleware
- Common systems management
- Common development tools
- Common shared metadata repository
- Common Web services framework
- Openness and standards support

Vendors' vision is also reflected in their business activities, commitments and policies, including partnership strategies, marketing strategies and ability to influence strategies of other industry players.

Ability to Execute: The fundamental indication of a vendor's ability to execute is the degree to which the vendor has delivered a viable and competitive product to date, as well as its record of business execution. We consider the following product fundamentals to be the sign of maturity for a vendor in the APS market:

- An established customer base that uses the technology of the entire suite
- A high delivered degree of integration between component parts of the suite
- Investment in marketing of the concept and the technology of the suite
- Investment in pricing and sales incentives and strategies for the entire suite
- Excellence in support and services for the customers of the entire suite
- Established partnerships, using the powers of the entire suite
- Established suite brand awareness
- The availability of enhancements and extensions to the suite through add-on applications and tools

Generalists vs. Specialists: Over time, the generalists in this market (such vendors as IBM, Oracle and BEA Systems, which seek leadership in every APS component-part market) will be joined by the specialists. SeeBeyond Technology is an early example of this trend. SeeBeyond is a leading vendor in the application integration market, yet it is only a recent entry in the application server and portal markets. SeeBeyond's motivation is to compete in its core area of competence by extending its technology offering. SeeBeyond's ICAN Suite is an integration specialist APS. Sun Microsystems has also offered a specialist APS: its Sun ONE Web Services Platform, Developer's Edition. Here, Sun emphasizes the development tool as its core strength, offering relatively moderate capabilities (and low cost and complexity) in integration, portal and application server technologies. PeopleSoft and SAP are specialists as well, targeting their respective application customers and offering the APS technology as a means to broaden the use and power of their core application technologies.

Aggregators: Some vendors will attempt to offer the integrated APS using some or all component parts through OEM partnerships. We anticipate that, in the next three years, some systems integrators will begin to offer assemblies of APS technologies that they integrate and support. Iona Technologies was one of the first vendors to attempt this strategy by bundling a third-party portal technology with its own application server and IBS. For Iona, this strategy did not work, and it has recently exited the APS market. PeopleSoft is another example where the vendor licenses third-party technology (application server) to complete its APS offering. Novell allows optional replacement of its own application server with third-party products. Over time, the high-end APS will benefit from the tight relationship of

technologies owned entirely by the same vendor. The aggregation strategy will work best for specialist APS vendors, seeking to fill in the gaps but not to achieve leadership in every aspect of the APS feature set.

Leaders

Some APS products have existed in the past, but direct market focus on APSs is only beginning to emerge. Early visionaries (Novell, Fujitsu) have had some success in the market but have not established a leadership position. The market's adoption patterns, best practices and long-term outlook are still being established. Most enterprises continue to rely on the best-of-breed assemblies of technology, and, thus, the installed base of suites is relatively small.

In these circumstances, no vendor has been able to offer the presence, viability, commitment, business execution and market vision to take a leadership position. *By 2005, two or three vendors will be established as leaders in the APS market (0.7 probability).*

Visionaries

Seven vendors in the APS market are rated as visionaries:

- BEA
- IBM
- SAP
- Oracle
- Novell
- Microsoft
- Fujitsu

Some of these vendors, such as Fujitsu, Novell and Oracle, earn the "visionaries" label by capitalizing on their early recognition of the APS concept. Novell is attempting to build a strategic future based on the acquired SilverStream APS technology. Oracle has begun to alter its all-or-nothing Oracle9iAS APS strategy and has just recently offered its application server as a separately available product. Others, such as BEA, IBM and SAP, have found their APS vision more recently but bring to the market new vigor of innovation and breadth of effort. BEA and IBM differ in their marketing strategies (BEA believes that a stand-alone APS product is important to enterprises, and IBM offers only separately priced components), but both vendors fully believe in the strategic importance of integrated APS infrastructure.

Microsoft's vision differs from most of its competitors. Microsoft directs its portal and user experience efforts toward the desktop (it recently re-branded its SharePoint portal product as an Office component and is planning to release an alternative xDocs-based user interaction product, also targeted at desktop Office users). This vision is likely to find acceptance in smaller workgroup and departmental contexts, but leaves Microsoft nearly out of competition for the enterprise portal market and, thus, for the enterprise APS market.

Customers can expect state-of-the-art technology from each of the visionary vendors but should monitor the vendors' commitment and business strategy to gauge the long-term viability of their products. None of the visionary vendors has yet established a solid installed base of proven business strategy with its suite offering. Thus, enterprises should expect changes in vendors' strategies and product positioning in the next 12 to 24 months.

Challengers

More conservative by their very nature, challengers lack leading-edge innovation, but excel in dependable execution. In 2003, the emerging APS market is driven by innovation and does not yet have "default" conservative solutions.

Niche Players

Sun, Sybase, SeeBeyond, PeopleSoft and Fujitsu Siemens Computers all offer the component parts of an APS. Sybase targets its vision at select industries. Fujitsu Siemens concentrates on a limited geographic area. SeeBeyond targets application integration projects. Sun continues to refine its software strategy, concentrating most recently on a developer-focused technology suite. PeopleSoft targets its application users. Niche vendors' products can solve real problems encountered by enterprise projects. Although the vendors' vision and commitment are relatively narrowly focused, enterprises that are aligned with the focus of a niche vendor may find the niche vendor's offering to be the best fit.

Bottom Line: General-purpose application platform suite and specialist APS vendors will compete for a larger share in enterprises' software infrastructure budgets. Enterprises should prepare to increasingly face the choice between best-of-breed assembly or a "one-stop shopping" offering in the software infrastructure arena.

Acronym Key

APS	Application platform suite
EAS	Enterprise application server
IBS	Integration broker suite
OEM	Original equipment manufacturer